

Message Text

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EXDIS

E.O. 11652: GDS
TAGS: PINT, MASS, GR,
SUBJECT: IMMINENT FRENCH ARM SALES AND INVOLVINGGREEK
ORIENTATION

REF: JUSMAGG 171340Z MAY 74

DEPT PLS PASS UNMISSION USNATO

1. AS I HAVE REPORTED ON VARIOUS OCCASIONS SINCE 1970 THE FRENCH GOVERNMENT HAS BEEN EAGER TO SUPPLY THE GREEK MILITARY REGIME WITH MILITARY EQUIPMENT ON VERY FAVORABLE TERMS. IN RECENT WEEKS GREEK AND FRENCH GOVERNMENTS HAVE APPARENTLY BEEIN CONTINUED CLOSE CONTACT FOR PURPOSE OF NEGOTIATING CONTRACTS. RECENT HARD INTELLIGENCE NOW INDICATES A LARGE CONTRACT IS AWAITING GOG SIGNATURE, PRESUMABLY AFTER MAY 19 FRENCH ELECTIONS. INDICATIONS ARE THAT PURCHASES WILL INCLUDE TWO SQUADRONS (40 AIRCRAFT) OF MIRAGE F-1'S, 125 AMX-30 TANKS AND FOUR 420-TON GUIDED MISSILE GUN BOATS. TOTAL COST OF THIS PACKAGE PROBABLY IN EXCESS OF \$300 MILLION.

2. AT SAME TIME, JUSMAGG RECEIVED LETTER DATED MAY 9 FROM SHAFCT TRANSMITTING LIST OF MILITARY EQUIPMENT GOG DESIRES TO ACQUIRE IN PERIOD 1975-80 WITH FMS CREDITS. COSTS OF ITEMS ON THIS LIST APPROXIMATELY \$1 BILLION. THUS, OVER NEXT 5-6 YEARS GOG CONTEMPLATING EXPENDITURES OF AT LEAST ONE BILLION, 300 MILLION DOLLARS FOR NEW

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MILITARY EQUIPMENT, OF WHICH GOG WILL WISH TO COMMIT AT

LEAST \$700 MILLION DURING NEXT TWELVE MONTHS (\$300 PLUS MILLION FRENCH CREDIT AND AT LEAST A LIKE AMOUNT FROM USG).

3. IOANNIDES, AS WE WERE ALREADY AWARE, HAS GIVEN THE HIGHEST PRIORITY, WHATEVER THE COST, TO MODERNIZATION GREEK ARMED FORCES. IN MY VIEW, FRENCH SUCCESS IN NOW CONCLUDING LARGE SCALE MILITARY CONTRACTS IS TO BE ATTRIBUTED TO THREE FACTORS.

A. ALTHOUGH IOANNIDES HAS SAID HE WOULD PREFER TO PURCHASE MILITARY EQUIPMENT FROM U.S. IF POSSIBLE, GREEK MILITARY AT THE HIGHEST LEVEL HAVE BEEN GREATLY CONCERNED BY RESTRICTIONS IMPOSED BY HAYS AMENDMENT, AS WELL AS GENERALLY NEGATIVE ATTITUDE IN CONGRESS TOWARDS FACILITATING SUPPLY OF KEY MILITARY EQUIPMENT TO THIS REGIME. PELL-JACKSON AMENDMENT AND THE APPARENT COURSE OF JAVITS AMENDMENT HAVE INCREASED GREEK FEARS REGARDING THE POSSIBILITY OF OBTAINING EQUIPMENT THEY WISH. EVEN IF THESE AMENDMENTS NOT PASSED, THE HAYS AMENDMENT WOULD STILL CONSTITUTE A SEVERE RESTRICTION IN VIEW OF THE VOLUME OF MILITARY PROCUREMENT GREEKS WISH TO UNDERTAKE.

B. IOANNIDES AND THE PRESENT GOVERNING MILITARY CLIQUE ARE TAKING A HARD LINE TOWARD TURKEY AND REGARDING THE CYPRUS QUESTION. DEPARTMENT IS AWARE OF THE POSITION OF THE GREEK MILITARY WITH RESPECT TO THEIR MILITARY CONTINGENCY PLANNING AGAINST TURKEY AND THEIR BASICALLY HARD POSITION ON AEGEAN OIL EXPLORATION. BUT OVER IN THE ABSENCE OF AEGEAN ISSUE, THE BACKGROUND OF IOANNIDES AND GHIZIKIS, BOTH HAVING SERVED IN CYPRUS AND INTELLIGENCE, REFLECT A HARD-LINE, ANTI-COMMUNIST APPROACH TOWARD CYPRUS AND MAKARIOS. UNDER THESE CIRCUMSTANCES, IN GREEK MINDS, TIME IS OF THE ESSENCE. FRENCH APPARENTLY PROMISE EARLY DELIVERIES.

C. PRESENT GREEK LEADERSHIP HIGHLY SENSITIVE TO ADVERSE PUBLIC OPINION IN THE UNITED STATES AS WELL AS IN OTHER ALLIANCE COUNTRIES SUCH AS GERMANY, SCANDINAVIA AND BENELUX, FOR EXAMPLE, PRESUMABLY HOPES THAT CONCLUSION OF FRENCH CONTRACT MAY OFFSET AND PERHAPS NEGATE HOSTILE ATTITUDES TOWARD GREEK REGIME AND ITS FUTURE. THE FOCUS OF OPPOSITION TO THE PRESENT REGIME UPON ACTION IN THE U.S. CONGRESS IS MADE TO APPEAR FUTILE.

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4. ENTRY OF FRENCH INTO ARMS MARKET HERE IS UNLIKELY TO IMPROVE GREEK FLEXIBILITY REGARDING OUR NEGOTIATIONS. ON BILATERAL SECURITY QUESTIONS. IN ORDER TO INCREASE THEIR INFLUENCE IN GREECE AND TO BE SUITABLY REWARDED BY PROFITABLE CONTRACTS, WE MUST EXPECT FRENCH UNDER PRESENTLY FORESEEABLE CIRCUMSTANCES TO SEEK TO WEAKEN U.S. SECURITY RELATIONS WITH GREECE. MOREOVER, REPORT THAT PRESENT GREEK

AMBASSADOR TO ARGENTIAN JEAN SOSSIDES MAY BECOME FOREIGN MINISTER ADDS TO THIS POSSIBILITY. APPARENTLY HE IS A HARD LINE RIGHT-WING DIPLOMAT NOTED NOT ONLY FOR HIS EXTREME ANTI-COMMUNISM BUT ALSO FOR HIS BELIEF THAT THE MANNER IN WHICH TO DEAL WITH THE UNITED STATES IS "TO BE TOUGH". THE AMERICAN IN HIS VIEW RESPECT AND REWARD ONLY TOUGHNESS. WE MAY THEREFORE WITNESS A TOUGHER ROAD, CONTINUED STUBBORNNESS AND PERHAPS EVEN INCREASING DIFFICULTIES IN OUR SECURITY RELATIONS WITH GREECE, PARTICULARLY IF WE SHOULD DECIDE TO PROCEED WITH PHASE II OF HOMEPORING.

5. AT SAME TIME TOP GREEK MILITARY CONTINUE TO PROFESS STRONG ATTACHMENT TO GREECE'S BILATERAL SECURITY RELATIONSHIP WITH THE U.S., AND I HAVE NO INDICATION OF ANY CHANGE IN THIS RESPECT. INDEED, ONE OF PRINCIPAL ARGUMENTS ADVANCED IN FAVOR OF CONTINUING GREEK ARMED FORCES HERETOFORE VIRTUALLY EXCLUSIVE U.S. EQUIPMENT ORIENTATION HAS BEEN NEED FOR EQUIPMENT COMMONALITY WITH PROSPECTIVE U.S. REINFORCING ELEMENTS IN EVENT OF CONFLICT. MOREOVER, AS DESCRIBED ABOVE, GOG IS STILL PLANNING TO PROCURE SIZEABLE AMOUNTS OF AIRCRAFT AND OTHER MILITARY EQUIPMENT IN THE UNITED STATES, AT LEAST UP TO THE AVAILABILITY OF CREDITS. ONCE BEYOND THE CREDIT LIMITATIONS PERMITTED BY CONGRESS, HOWEVER, MAGNITUDE OF TOTAL PROCUREMENT ENVISAGED IS LIKELY TO MAKE HIGHLY FAVORABLE FRENCH FINANCING QUITE ATTRACTIVE.

6. THERE ARE ALSO LIKELY IN MY VIEW TO BE CERTAIN BENEFICIAL RESULTS FROM MASSIVE FRENCH ENTRY INTO BUSINESS OF SUPPLYING ARMS TO MILITARY REGIME HERE. OPPOSITION SHOULD BECOME NOTABLY MORE APPRECIATIVE OF U.S. INTEREST IN WELFARE OF GREEK PEOPLE AND CONGRESSIOANL ABHORRENCE OF HIGHLY REPRESSIVE NATURE OF REGIME. THUS THERE IS LESS POSSIBILITY OF
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SPILL OFF ON THE U.S. FROM REPRESSIVE CHARACTER OF THE PRESENT REGIME WEAKENING POPULAR BASE FOR FACILITIES U.S. NOW ENJOYS.

7. ON OTHER HAND, I WOULD HOPE ALSO THAT OPINION IN CONGRESS WOULD UNDERSTAND THAT MANNER IN WHICH U.S. DEALS WITH AND CAN INFLUENCE THIS REGIME IS NOT THROUGH RESTRICTION ON MILITARY FINANCING FACILITIES. IN THE FINAL ANALYSIS FUTURE OF THIS COUNTRY WILL BE DETERMINED BY WHAT HAPPENS IN ARMED FORCES. BECAUSE ALL GREEK MILITARY ARE LIKELY TO BE HIGHLY PLEASE WITH THE PROSPECT OF OBTAINING MODERN EQUIPMENT IN ANY EVENT, TO THIS EXTENT THE IMPACT OF KEY PUBLIC OPINION ABROAD REGARDING THE REPRESSIVE NATURE OF THE IOANNIDES REGIME IS LIKELY TO HAVE LIMITED EFFECT OVER THE SHORT TERM.

8. ANOTHER IMPORTANT ASPECT IS THAT THIS RELATIVELY MASSIVE
MODERNIZATION OF GREEK ARMED FORCES IS BOUND TO HAVE EFFECT IN
TURKEY. I ASSUME THAT TURKEY WILL SEEK TO REPLY IN KIND. WE
THUS COULD WITNESS ARMS RACES BETWEEN THESE NATO ALLIES.
WHILE WE MAY WELCOME THE ADDITIONAL STRENGTH SUCH AN ARMED RACE
IS LIKELY TO HAVE WITH RESPECT TO NATO SOUTHERN FLANK,
THE POTENTIAL FOR DAMAGE IN THE EVENT OF CONFLICT TO
U.S. VITAL SECURITY INTERESTS IN EASTERN MEDITERRANEAN AND
WITHIN NATO AS A WHOLE ARE OBVIOUS. I CONTINUE TO BELIEVE THAT
NATO RESPONSE TO GROWING PROSPECT OF GREEK-TURKISH CONFRONTATION
WILL BECOME INCREASINGLY IMPORTANT. I HOPE THAT OTHER NATO
COUNTRIES BESIDES UK AND US WILL ALSO SEEK TO ENGAGE SECRETARY
GENERAL LUNS IN MEASURES WHICH MIGHT BE ENVISAGED TO EASE TENSIONS,
TO DEMONSTRATE GENUINE AND BROAD NATO CONCERN ABOUT
PROSPECTIVE SERIOUS DIFFICULTIES BETWEEN TWO KEY MEMBERS.
TASCA

NOTE BY OC/T: NOT PASSED USMISSION NATO.

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